

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, : Criminal No. 09-300 (CKK)
:
v. : Violation:
: 18 U.S.C. § 1343
KEVIN RICHARD HALLIGEN, : (Wire Fraud)
:
Defendant. : Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia

FILED

MAY 17 2013

STATEMENT OF OFFENSE

Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, defendant Kevin R. Halligen (“Halligen”) agrees and stipulates as follows:

Background Information

At all relevant times, Halligen was the Chief Executive Officer (“CEO”) of Red Defence International (“RDI”). RDI, based in London, England, was a security consulting and crises management firm. Trafigura Beheer BV (“Trafigura”), previously identified as “Company B” in the Indictment, was a Netherlands-based international commodities trading company with offices located throughout the world. Waterson Hicks, previously identified as “Law Firm A” in the Indictment, was a London, England-based law firm specializing in commercial and shipping law. Mark Aspinall (“Aspinall”), previously identified as “Partner A” in the Indictment, was a solicitor and partner at Waterson Hicks. Waterson Hicks and Aspinall provided legal services to Trafigura on a regular basis.

On or about August, 2006, a cargo ship chartered by Trafigura released a large quantity of petrochemical waste off the coast of Abidjan, Ivory Coast. The dump caused severe environmental damage and illness to coastal residents of the Ivory Coast. Subsequently, two

Trafigura executives traveled to Abidjan to assess the situation. On or about September 19, 2006, while in the Ivory Coast, the two Trafigura executives were arrested and detained.

The Contract Between RDI and Waterson Hicks

Following the Trafigura executives' arrest and detention by the Ivory Coast government, Aspinall hired RDI to help secure the release of the arrested Trafigura executives ("the contract"). On October 2, 2006, Trafigura made a payment of £100,000 to RDI.¹ Trafigura made an additional £250,000 payment to RDI on October 13, 2006. In mid-October, Trafigura requested that all further payments not be paid directly from Trafigura to RDI, but instead, through Waterson Hicks. RDI acceded to Trafigura's request. Although the contract was between RDI and Waterson Hicks, RDI's services benefitted Trafigura. The contract was designed to allow the information that RDI obtained in relation to Trafigura to be classified as privileged materials. On November 14, 2006, Aspinall signed the contract on behalf of Waterson Hicks; Halligen signed on behalf of RDI. The term of the contract between RDI and Waterson Hicks was for a six month period, to begin on October 1, 2006. Under the contract, RDI was to provide security, intelligence, and public relations services related to Trafigura's presence in the Ivory Coast and to assist with facilitating the release of the Trafigura executives.

Under the contract's design, RDI's expenses were billed to Waterson Hicks. Waterson Hicks, via Aspinall, then billed Trafigura, their client. Although the terms of the contact stated that RDI's compensation would not "exceed £600,000 except by mutual agreement and in the event that circumstances change dramatically on the ground," Waterson Hicks originally

¹ In October, 2006, 1 British pound equaled 1.9 U.S. dollars.

compensated RDI at £400,000 per month, plus expenses. Waterson Hicks later increased RDI's monthly compensation to £460,000 per month, plus expenses.

Aspinall worked closely with Halligen for the duration of the contract. They worked long hours together at a Crisis Center set up at Trafigura's London office, and traveled together to the Ivory Coast, France, and the United States in their efforts to secure the release of the Trafigura executives. In total, Waterson Hicks paid RDI more than £6.3 million, pursuant to the November 14, 2006, contract.

The Scheme to Defraud

From in or around November 2006, and continuing to in or around January 2007, in the District of Columbia, and elsewhere, Halligen did knowingly and willfully devise and intend to devise a scheme and artifice for obtaining money from Trafigura through Waterson Hicks by means of false and fraudulent pretenses, representations, and promises made in relation to the contract between RDI and Waterson Hicks. The object of the scheme to defraud was for Halligen to obtain by fraud money from Waterson Hicks to use for his own benefit.

During November, 2006, after other efforts to secure the executives' release proved unsuccessful, Halligen suggested to Aspinall that the United States government should be involved with facilitating negotiations with the Ivory Coast. Halligen's stated strategy was to utilize his contacts in the United States to encourage Ivory Coast officials to release the executives ("the American Strategy"). Halligen told Aspinall that the American Strategy would cost \$2,100,000, separate and apart from the £460,000 monthly fees RDI earned under the contract. The £460,000 was for RDI's compensation. According to Aspinall, Halligen initially justified this expense by claiming that he had to "go to the right people at the right level" –

people, according to Halligen, "who could educate United States officials about Trafigura and how it was a good corporate citizen and how it was being treated unfairly by the Ivory Coast." Halligen further explained that the money would be used to cover actual United States-based services and expenses, i.e., for reimbursements for expenses expected to be incurred in the United States. Consequently, as a result of his discussions with Halligen, Aspinall understood this money would be used to pay expenses incurred by Halligen in the United States to hire consultants and lobbyists to influence officials in the United States on Trafigura's behalf. On numerous occasions, Halligen met with Aspinall in Washington, D.C., to update Aspinall on the status of the American Strategy and to provide Aspinall with progress reports concerning the American Strategy.

Based on Halligen's representations concerning the American Strategy, on November 29, 2006, Aspinall submitted an invoice to Trafigura for \$2,100,000. On December 4, 2006, Trafigura wired \$2,100,000 to Waterson Hicks' Royal Bank of Scotland account, located in London, England. Around that time, Aspinall told Halligen that Waterson Hicks had received the \$2,100,000 from Trafigura.

On or about January 4, 2007, defendant Halligen opened bank accounts in his own name at PNC Bank, located at 2550 M Street, N.W., Washington, D.C. ("Halligen's personal PNC account").

On or about January 8, 2007, Halligen sent Aspinall an electronic-mail communication in which he directed Aspinall to wire \$2,100,000 to Halligen's personal PNC account. Specifically, Halligen wrote,

Following our discussion, please forward \$2,100,000 to my account as detailed below. I will discharge various bills from there and get invoices and receipts as appropriate. These payments do not attract VAT and are not Red Defence contractors or suppliers. I would have preferred to have these paid directly but I don't have time and in some cases I've already paid them [sic] already.

In other words, on or about January 8, 2007, Halligen falsely represented to Aspinall that the \$2,100,000 would be used to pay expenses related to the American Strategy.

On or about January 10, 2007, Halligen instructed an individual at RDI to send an invoice to Waterson Hicks for \$2,100,000. The invoice stated that it was for the payment for services described as, "Support to Client," and "US Disbursements and Charges Nov 06 – Jan 07." The invoice listed the "management fees" as zero. On that same day, on January 10, 2007, Aspinall directed that \$2,100,000 be wired from Waterson Hicks' Royal Bank of Scotland account in London, England, to Halligen's personal PNC account.

Halligen's Contract for the Purchase of the Great Falls, Virginia Residence

Meanwhile, between November 2006, and January 2007, after Aspinall informed Halligen that Trafigura had wired \$2,100,000 to Waterson Hicks' account, Halligen traveled to the United States on numerous occasions, claiming to have met with United States officials in Washington, D.C., allegedly in furtherance of the American Strategy. While in Washington, D.C., Halligen began dating a woman who resided in the area.

In or around late November, or early December 2006, Halligen became engaged to the woman he was dating. Halligen gave his fiancé a \$2,000,000 budget to find a suitable house in which they would live after their marriage. Shortly thereafter, Halligen's fiancé found a six-bedroom, four and one-half bathroom residence in Great Falls, Virginia, that was listed for

sale for \$1,699,900 (“Great Falls residence”). On December 8, 2006, a few days after Aspinall had informed Halligen that Trafigura wired \$2,100,000 to Waterson Hicks’ bank account at Halligen’s request, Halligen and his fiancé signed a contract to buy the Great Falls residence for \$1,685,000. The contract for the Great Falls residence initially contemplated a settlement date of January 4, 2007, and included a provision that Halligen purchase the residence in cash; there were no standard financing contingencies for Halligen to obtain a lender for the purchase of the residence.

Shortly after January 1, 2007, and signing the contract for the purchase of the Great Falls residence, Halligen began to ask Aspinall for some of the \$2,100,000. Aspinall told Halligen that he needed to send him invoices or statements justifying the requested payments. Consequently, Halligen sent the January 8, 2007, email to Aspinall, instructing Aspinall to forward \$2,100,000 to Halligen’s personal PNC account.

Although the contract for the purchase of the Great Falls residence set the settlement for January 4, 2007, Halligen delayed the settlement, claiming that he was waiting for money to arrive from London, England. On January 8, 2007, the same day that Halligen sent an email to Aspinall requesting that \$2,100,000 be transferred to his personal PNC account, Halligen and the sellers of the Great Falls residence signed a “General Addendum” to their real estate contract, agreeing to extend the settlement date to no later than January 10, 2007. As discussed above, on January 10, 2007, Aspinall directed that \$2,100,000 be wired from Waterson Hicks’ account into Halligen’s personal PNC account; at the time, Aspinall believed that the \$2,100,000 was to cover expenses already, or expected to be, incurred related to the American Strategy, as represented by Halligen in his January 8, 2007, email to Aspinall. On the very next day, on January 11, 2007,

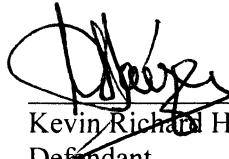
Halligen wired \$1,696,924 from his personal PNC account to complete the purchase of the Great Falls residence.

The entire purchase of the Great Falls residence was funded by the January 10, 2007, \$2,100,000 wire from Waterson Hicks. None of the proceeds from the \$2,100,000 transaction from Waterson Hicks to Halligen were ever directed towards reimbursements of expenses related to the American Strategy. In fact, in addition to Halligen spending \$1,696,924 on the purchase of the Great Falls residence, the remaining funds from the \$2,100,000 transaction were spent on other personal expenses unrelated to Halligen's work under the contract. Other than the invoice for \$2,100,000, the government is not aware of any other fraudulent invoices submitted by RDI to Waterson Hicks in connection with the November 14, 2006, contract.

Use of Interstate Wires to Execute the Scheme

As a result of defendant Halligen's actions in furtherance of the above-described scheme and artifice to defraud, defendant Halligen transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, by means of a wire communication certain signs, signals, and sounds, that is a wire transfer of \$2,100,000 from a bank in London, England, to Halligen's personal PNC account in Washington, D.C.

Date: 5/19/13



Kevin Richard Halligen
Defendant

Date: 5/19/13



David Bos
Attorney for Defendant